



# CITY OF SANTA BARBARA

## COUNCIL AGENDA REPORT

**AGENDA DATE:** March 11, 2008

**TO:** Mayor and Councilmembers

**FROM:** Business Division, Waterfront Department  
Business Division, Parks and Recreation Department

**SUBJECT:** Consent To Change Ownership Of Tenant From John K. Williams, Inc., To Francisco Aguilera

### RECOMMENDATION:

That Council approve the Change of Ownership and authorize the Parks and Recreation Director and Waterfront Director to execute a Consent to Change Ownership with John K. Williams, Inc., doing business as East Beach Grill, Lease Agreement No. 19,076; Char West, Lease Agreement No. 22,248; and Great Pacific Ice Cream Company, Lease Agreement No. 22,249, from John K. Williams to Francisco Aguilera.

### DISCUSSION:

John Williams leases City property at the Cabrillo Pavilion Arts Center, where he has operated East Beach Grill under a lease with the Parks and Recreation Department since 1984.

John Williams has operated Char West at 221 Stearns Wharf since the Wharf was rebuilt in 1981. Mr. Williams assumed the lease for 219-A Stearns Wharf through a lease assignment process and founded Great Pacific Ice Cream Company at that location in 1991.

In January 2008, Mr. Williams requested to sell his corporation and assign the leases to Mr. Francisco Aguilera, his longtime manager. Mr. Aguilera has worked for John Williams for over 24 years, has managed East Beach Grill since 1990, and has been the operational manager of all three businesses since 2003. The Parks and Recreation Department and Waterfront Department have received a credit report and the lease review fees, detailed financial information, a resume, and other documentation relevant to the transaction. Mr. Aguilera will assume ownership of the businesses by purchasing all of the stock of the corporation. The transaction is scheduled to close on March 31, 2008.

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REVIEWED BY: \_\_\_\_\_ Finance \_\_\_\_\_ Attorney

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The basic lease terms are summarized as follows:

### **East Beach Grill**

Base Rent: \$6,573.24 (\$3.82 /interior square foot), subject to annual CPI increases;  
Percentage Rent: Base rent or 11.4% of gross sales, whichever is greater;  
Lease Expiration: December 31, 2012;

Permitted Use: Tenant is permitted to operate a restaurant serving breakfast, lunch and dinner. Alcoholic beverage service limited to with beer and wine sales only. Tenant may sell T shirts and caps imprinted with Tenant's logo.

### **Char West**

Base Rent: \$3,466.50 (\$3.24 /square foot), subject to annual CPI increases;  
Percentage Rent: Base rent or 15% of gross sales, whichever is greater;  
Lease Expiration: November 30, 2011, with one five-year option to extend;

Permitted Use: Tenant is permitted to use the Premises as a food service snack bar and to sell T shirts imprinted with Tenant's logo. The Char West leased premises also includes approximately 144 square feet of second floor office space.

### **Great Pacific Ice Cream Company**

Base Rent: \$3,585.35 (\$9.08 /square foot); subject to annual CPI increases;  
Percentage Rent: Base rent or 11.4% of gross sales, whichever is greater;  
Lease Expiration: November 30, 2011, with one five-year option to extend;

Permitted Use: Tenant is permitted to sell ice cream, ice cream specialty items, ice cream-related items, frozen yogurt, and promotional material imprinted with the Tenant's logo.

John Williams is considered a tenant in good standing by the Waterfront and Parks and Recreation Departments as he has no default notices on file and is always prompt with rent payments. John has been a long-standing member of the Stearns Wharf Business Association, serving as its vice-president for many years. Combined gross sales for Char West and Great Pacific Ice Cream increased 17% over the past five years. Sales for East Beach Grill have increased by 18.5% over the past four years. The Char West and Great Pacific Ice Cream Company were audited successfully in June 2006; East Beach Grill was last audited in May 2006.

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No changes to the business terms of the leases will occur as part of the change of ownership of the tenant.

The Harbor Commission recommended approval of the change of ownership at the February 21, 2008, meeting. The Parks and Recreation Commission recommended approval of the change of ownership at the February 27, 2008 meeting.

**PREPARED BY:** Scott Riedman, Waterfront Business Manager  
Nancy Woods, Parks and Recreation Business Manager

**SUBMITTED BY:** John N. Bridley, Waterfront Director  
Nancy L. Rapp, Parks and Recreation Director

**APPROVED BY:** City Administrator's Office